

Supply & Supplies 5  
✓ K-64m5 DDP

AIR

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15 Feb 1956

By [signature]

Chief of Station, [redacted]  
Deputy Director (Support)

INFO: Chief, FE Support  
Base, [redacted]

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- Administrative
- Conversion from Machine to Manual Method for Financial Accountability of Property

REF: (a) [redacted] 6796 dated 28 September 1955  
(b) [redacted] 8884 dated 20 October 1955  
(c) [redacted]  
(d) [redacted]

1. Policy determination was made in October 1952 to establish accounting control over all KUBARK property. Considerable progress has been made toward this objective both at Headquarters and in field locations, and continuous effort to provide complete accounting control over property is deemed essential. This basic policy is consistent with overall Governmental policies as indicated by the following:

a. Section 410 of the National Security Act Amendments of 1949 (Public Law 216 - 81st Congress) directs the Secretary of Defense to establish and to maintain property records on both a quantitative and a monetary basis. These records shall be maintained in the three military departments and shall include the fixed property, installations, and major items of equipment as well as supplies, materials, and equipment held in store by the armed services. The Secretary of Defense must report annually thereon to the President and to Congress.

b. Executive Order 6166 vested in the Secretary of the Treasury duties and responsibilities concerning the procurement and supply policies, methods, and operations. To implement these duties and responsibilities, "A Federal Inventory Control System" setting forth the principles and minimum standards approved for general application in noncorporate Federal Agencies was published by the Joint Property Accounting Staff representing the General Accounting Office, the Treasury Department, and the Bureau of the Budget.

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c. The General Accounting Office in its publication, "Accounting Principles for Government Agencies", sets forth the broad policies to be followed by Agencies in maintaining financial control of property.

d. The Hoover Committee in its report to Congress in June 1955, also stressed the importance of maintaining and controlling the dollar value of inventories, real and other properties, as well as their application to costs.

2. In reply to reference a., Headquarters concurs in the recommendations contained in paragraphs 5a and 5e, and you are authorized to proceed accordingly, subject to the following:

a. The procedure prescribed in reference d ( ), Attach-25X1A ment 1) be installed in the EE Area.

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(1) This system is consistent with the proposals contained in Tab E and F of reference a, and will retain Financial Accountability for Property. The system has been installed and is in operation at certain bases within the EE Area. In order to accomplish the objectives indicated in the publications referred to in paragraph 1, above, it is contemplated to install the procedures in ( ) at all installations having an accountable officer and where accountable property records are maintained on a manual basis.

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(2) Implementation of these procedures entails the following workload over and above present responsibilities.

(a) For the Finance Office

1 Recording property documents by monetary value on a posting journal.

2 Posting the totals reflected in the journal to the general ledger.

3 Preparation of Property Financial Reports.

4 Assisting in the reconciliation of stock record cards to balances reflected in the general ledger.

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(b) For the Logistics Office

1 Redirection of the required copies of property vouchers from the Supply Control Center to the related Finance Officer. These documents will include transaction codes and unit prices.

2 Extension at the close of an accounting period of the stock records cards to reflect the monetary value of each line item.

3 Preparation of adding machine tapes for the materiel groups of the stock record cards.

4 Reconciliation, with the assistance of the Finance Officer, of the balances reflected on the Stock Record Cards to the balance reflected in the general ledger.

(3) Based on the volume figures indicated in Tab D of reference a, and also based on the experience gained in the implementation of the manual system in the EE Area, it is estimated that these functions will require the following man-hours per month:

	<u>Finance Office</u>	<u>Logistics Office</u>
	24	32
	4	8
	4	8
	8	12
	24	32
	8	12
	24	32
	16	24

The man-hours indicated for Logistics personnel would, to a great extent, be offset by the elimination of document processing functions to Supply Control Center, presently a requirement of the machine system.

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(4) To assist in the conversion and implementation at the initial base(s), Headquarters technical assistance from the Office of the Comptroller and the Office of Logistics, will be provided if such assistance is deemed necessary by Chief, FE Support Base. It is felt, however, after the initial installation, Support Base personnel are well qualified to continue the installations at the remaining Bases. Also, follow-up and guidance to insure effective and efficient functioning of the manual method will be the responsibility of Support Base Finance and Logistics personnel.

(5) Attachment 2 outlines an orderly procedure for the conversion from the machine to the manual method. The programming of the conversion will be the responsibility of the Chief, FE Support Base, who will submit a copy of the conversion schedule to interested offices at Headquarters. Likewise, Headquarters will be kept abreast of the progress made during the conversion period. It is recommended that, with the exception of the bases located [REDACTED] the conversion be phased by accounting periods, a base at a time. Because of the convenience and proximity in the locations of the [REDACTED] Bases, it is felt these can be converted simultaneously as of a determined date.

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3. Relative to paragraph 2a., of Tab E, Reference a. [REDACTED] "Field Property Authorization Control Procedure" is in the process of coordination at Headquarters. This procedure shall be effective for all projects and activities in overseas areas within the orbit of an established Field Depot or Supply Base which operates under the procedure for Financial Accounting for Property. This procedure prescribes the application of requisitions and issues against the user allottees. This is accomplished by means of a Property Authorization in terms of dollars to insure that projects and activities do not exceed established limitations.

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4. As indicated in paragraph 2b(1) and 2b(2) of Tab E, Reference a, reporting will be limited to selected categories of items. Headquarters has recently established and placed into operation a new reporting mechanism for accountable stations or bases maintaining property records on a manual basis. This involves Headquarters preparing preprinted IBM

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listings, based on initial reports from Stations or Bases, and forwarding these listings to the field for insertion of quantitative data.

Signed

L. K. WHITE

JAN 4 1956

Attachments:

1. Financial Accounting Procedures
2. Procedures for Conversion

26 January 1956

Distribution:

- Orig. & 2 - Addressee w/attachments
  - 1 - C/FE Support Base w/attachments
  - 1 - RI w/o attachments
  - ✓ 2 - DD/S w/attachments *chron & subject*
  - 1 - SSA/DD/S w/attachment No. 2
  - 1 - D/L w/attachment No. 2
  - 1 - OL (signer's copy)  
w/attachment No. 2
  - 1 - C/FE w/attachment No. 2
  - 1 - FE/LOG w/attachment No. 2
  - 3 - Comptroller w/attachment No. 2
  - 1 - Audit Office w/attachment No. 2
  - 11 - OL/SD w/attachment No. 2
  - 1 - OL/SD/SCB w/attachment No. 2

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AUDIT OFFICE [REDACTED]

CHIEF, FE  
Releasing Officer

COMPT. FE/LOG OL  
Coordinating Officer

DIRECTOR OF LOGISTICS  
Authenticating Officer